



Vision

"To be a global leader in promoting good corporate governance"

Motto

सत्यं वद। धर्मं चर। इष्टार्थं कुरु। कुरुते। अक्षयं तु कुरुते। इव।

Mission

"To develop high calibre professionals facilitating good corporate governance"

Info Capsule

Thursday, January 25, 2024

President

CS B Narasimhan

Vice President

CS Dhananjay Shukla

❖ Competition law

CCI approves 100% acquisition of Wistron Infocomm Manufacturing (India) Private Limited by Tata Electronics Private Limited (January 24, 2024)

The Competition Commission of India (CCI) has approved 100% acquisition of Wistron Infocomm Manufacturing (India) Private Limited by Tata Electronics Private Limited.

The proposed combination relates to the acquisition of 100% of the Wistron Infocomm Manufacturing (India) Private Limited's (Target) equity share capital from SMS Infocomm (Singapore) Private Limited and Wistron Hong Kong Limited by Tata Electronics Private Limited (Acquirer).

The Acquirer is a greenfield venture of Tata Sons Private Limited. It manufactures smartphone enclosures (i.e. the frame of the phone on which other components/sub-assemblies of a smartphone are assembled), a high precision component for smartphones.

The Target is an electrical and electronics manufacturing company engaged in electronic manufacturing services (i.e., contract manufacturing of electronics) for smartphones in India, at its plant in Karnataka. It was incorporated in 2017 by the Wistron group.

For details:

<https://pib.gov.in/PressReleasePage.aspx?PRID=1999115>

❖ Direct Tax

- **Explanatory Circular explaining the provisions of the Finance Act, 2023 [Circular No. 1 Dated January 23, 2024]**

The Finance Act, 2023 as passed by the Parliament, received the assent of the President on 31st March, 2023 and has been enacted as Act No. 8 of 2023. This circular explains substance of the provisions of the Finance Act, 2023 relating to direct taxes.

For details:

<https://incometaxindia.gov.in/communications/circular/circular-1-2024.pdf>

- **'State Legal Service Authority Union Territory Chandigarh' notify u/s 10(46) [Notification No. 15 Dated January 23, 2024]**

The Central Government notifies 'State Legal Service Authority Union Territory Chandigarh' (PAN: AAAGS1716A), an Authority constituted by the Administrator, Union Territory, Chandigarh under the Legal Services Authority Act, 1987 (Central Act 39 of 1987), for the purposes of the clause (46) of section 10 of the Income-tax Act, 1961 in respect of the certain specified income arising to the said Authority subject to fulfilment of certain conditions.

For details:

<https://incometaxindia.gov.in/communications/notification/notification-15-2024.pdf>

❖ *Ministry of Finance*

Government allows direct listing of securities by public Indian companies on International Exchanges of GIFT IFSC (January 24, 2024)

In pursuance of the announcement on July 28, 2023 by Union Minister for Finance and Corporate Affairs Smt. Nirmala Sitharaman to enable direct listing of Indian Companies at GIFT- IFSC exchanges in the first phase, the Department of Economic Affairs (DEA), Ministry of Finance, has amended Foreign Exchange Management (Non-debt Instruments) Rules, 2019, and notified (**CLICK HERE FOR NOTIFICATION**) the 'Direct Listing of Equity Shares of Companies Incorporated in India on International Exchanges Scheme'.

Simultaneously, the Ministry of Corporate Affairs (MCA) has issued Companies (Listing of Equity Shares in Permissible Jurisdictions) Rules, 2024 (**CLICK HERE FOR NOTIFICATION**).

These, together, provide an overarching regulatory framework to enable public Indian companies to issue and list their shares in permitted international exchanges. As of now, the framework allows unlisted public Indian companies to list their shares on an international exchange. SEBI is in the process of issuing the operational guidelines for listed public Indian companies. The international stock exchanges at GIFT-IFSC under the regulatory supervision of IFSCA namely, India International Exchange and NSE International Exchange have been, currently, prescribed as permitted stock exchanges under the Rules and the Scheme.

Earlier, through the Companies (Amendment) Act, 2020, enabling provisions were included in the Companies Act, 2013, to allow direct listing of prescribed class (es) of securities of prescribed class(es) of public companies incorporated in India on permitted stock exchanges in permissible foreign jurisdictions or other prescribed jurisdictions. The enabling provisions of the Companies (Amendment) Act, 2020 were, accordingly, brought into force with effect from 30th October, 2023.

For details:

<https://pib.gov.in/PressReleasePage.aspx?PRID=1999154>

❖ *Market Watch*

Stock Market Indices as on 25.01.2024	
S & P BSE Sensex	70700.67 (-359.64)
Nifty 50	21352.60 (-101.35)

Foreign Exchange Rates as on 25.01.2024 (https://m.rbi.org.in/scripts/ReferenceRateArchive.aspx)			
INR / 1 USD	INR / 1 EUR	INR / 1 GBP	INR/ 1 JPY
83.11	90.42	105.65	.56

❖ **Banking**

• **Finances of Panchayati Raj Institutions (January 24, 2024)**

The Reserve Bank of India (RBI) released its Report titled “Finances of Panchayati Raj Institutions”. Drawing upon data on 2.58 lakh Panchayats for the years 2020-21 to 2022-23, it presents an assessment of their finances and their role in India’s socio-economic development. Comments and suggestions on the Report may be sent to the Director, Division of Local Finances, Department of Economic and Policy Research, Reserve Bank of India, M. M. Marg, Mumbai Central, Mumbai - 400 008. Comments can also be forwarded via e-mail (deprfdlf@rbi.org.in).

For details:

https://www.rbi.org.in/Scripts/BS_PressReleaseDisplay.aspx?prid=57182

• **Reserve Bank of India holds conference of Directors of select Urban Co-operative Banks (UCBs) of Southern Zone (January 24, 2024)**

As part of the continuing engagement with the Directors of UCBs, the Reserve Bank of India (RBI) held a Conference of Directors of select UCBs of Southern Zone in Hyderabad, on January 24, 2024. The theme of the Conference was ‘Governance in UCBs: Combating Cyber Threats and Enhancing Resilience’. The Conference was also attended by senior RBI officials including Executive Director and other officers of Department of Supervision, Department of Regulation and Regional Directors of RBI. Reserve Bank has previously engaged with the Directors of large UCBs in Mumbai in August 2023.

For details:

https://www.rbi.org.in/Scripts/BS_PressReleaseDisplay.aspx?prid=57186

• **Liquidity deficit at a 14-year high of Rs. 3 trillion (January 25, 2024)**

The banking system liquidity deficit breached the Rs. 3-trillion mark to hit a 14-year high, pushed by lower government spending, outflow towards tax payments and sluggish growth in deposits. According to the Reserve Bank of India (RBI), the liquidity deficit touched Rs. 3.34 trillion on January 23, 2024 from Rs. 2.72 trillion on January 22, 2024.

For details:

<https://www.financialexpress.com/business/banking-finance-liquidity-deficit-at-a-14-year-high-of-rs-3-trillion-3374423/>

❖ **International Financial Services Centres Authority (IFSCA)**

• **Seeking suggestions for review of IFSCA (Issuance and Listing of Securities) Regulations, 2021 (January 24, 2024)**

In July 2023, the Hon'ble Union Finance Minister announced the decision of Government of India to permit direct listing of unlisted and listed Indian companies on the Stock Exchanges in IFSC. Pursuant to the announcement, a Working Group was constituted on "Direct Listing of Listed Indian Companies on IFSC Exchanges" which made several recommendations for amendments in various framework and regulations including the ILS Regulations.

The Government of India has on January 24, 2024 notified the Foreign Exchange Management (Non-debt Instruments) Amendment Rules, 2024 and the Companies (Listing of Equity Shares in Permissible Jurisdictions) Rules, 2024 providing the framework for direct listing of equity shares by public Indian companies on the International Exchanges at GIFT IFSC.

In view of these developments, IFSCA invites suggestions for review of ILS Regulations from public and regulated entities in prescribed format by February 14, 2024.

For details:

<http://tinyurl.com/3j6hdzt>

• **FAQs issued by Central Government of India on Direct Listing Scheme (January 24, 2024)**

IFSCA has uploaded FAQs on Direct Listing Scheme as issued by Central Government. Same can be accessed from the given link:

For details:

<http://tinyurl.com/ypvwjp9p>.

❖ **Case Snippets**

23.01.2024	Mangalam Publications Vs CIT	Supreme Court
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Burden to call for curing of defects in tax return on assessing officer

Fact of the Case: Assessee, a Partnership firm, at the relevant time for three assessment years (1990-91, 1991-92, and 1992-93), while filing returns had not filed a balance sheet/regular books of account because of a search and seizure operation by the Revenue.

The assessment orders under Section 143(3) of the Income tax Act, 1961 were passed, and in years subsequent to the three assessment years, the firm ultimately filed a profit and loss account as well as a balance sheet. While examining it, the assessing officer found a discrepancy, following which the assessment of the appellant and its partners was sought to be reopened for AYs 1988-89 to 1993-94.

The reassessment proceedings were initiated for AY 1990-91, 1991-92 and 1992-93 on the basis of a balance sheet which was given to South Indian Bank Ltd and the AO on comparison of capital accounts of the partners as appearing in the said balance sheet and the last balance sheet which was found with the department found abnormal increase in the capital of the partners. The partners explained that the balance sheet could not be prepared for these years as the books had been seized by the department, though for each of these years the assessment was completed u/s 143(3) after verification of books of accounts and profit & loss account. Moreover, the balance sheet found with South Indian Bank Ltd which was relied was itself found unreliable by CIT(A) in relation to appeal for a different year.

Judgement: The Hon'ble Supreme Court relying on the decision of Calcutta Discount Co Ltd as well as Lakhmani Mewal Das, Kelvinator etc held that it could not be said that there was any omission or failure to disclose on part of the assessee and thus the decision of the high court was reversed in favour of the assessee. While so deciding the judges also highlighted the difference between an invalid return and a defective return by holding that it is only when the defective return is not accepted by the AO, that it can be held as invalid and not otherwise and in the instant case when the return was accepted even without balance sheet, the return could not have been treated as invalid.

For details:

https://main.sci.gov.in/supremecourt/2010/25389/25389_2010_7_1501_49749_Judgement_23-Jan-2024.pdf

Prepared by Directorate of Academics

For any suggestions, please write to academics@icsi.edu.

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